



Firm Brochure
(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Resource Management Service, LLC. If you have any questions about the contents of this brochure, please contact us at: 205-991-9516, or by email at: info@resourcemgt.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, or by any state securities authority.

March 31, 2011

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material Changes since the Last Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 205-991-9516 or by email at: info@resourcemgt.com.

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Advisory Business

Firm Description

Resource Management Service, LLC (“RMS”) is a vertically-integrated, privately-held timberland investment manager serving institutional investors. U.S. operations are conducted through RMS, LLC which is domiciled in the U.S. and located in Birmingham, Alabama, and has regional offices throughout the southern U.S. International operations are conducted through wholly-owned subsidiaries in Brazil, New Zealand and Hong Kong.

RMS is owned and operated by its employees. The LLC has 48 Members, including most senior management and key employees.

RMS was founded in 1950 as a timberland management and consulting firm providing forestry services to the forest products industry and other private landowners. In 1985 RMS partnered with a timberland investment manager as its southern U.S. asset manager.

In 2004 RMS became a timberland investment manager in its own right, offering comprehensive timberland investment services to pension funds, endowments, foundations, family offices and other institutional investors.

Principal Owners

The ownership of Resource Management Service, LLC consists of 48 members. A total of thirty-three individuals employed by RMS own 77.8% of the firm. Three owners – RMS’s retired founder, the recently-retired President and a member of the RMS Board of Managers – in aggregate own 6.8% of the firm. Twelve local individual investors own the remaining 15.4% and RMS has the option to purchase this ownership interest after February 28, 2013. Ownership in the company is broadly distributed. The largest ownership interest by an individual represents 9.9% of the membership interest of RMS LLC, with eight senior employees holding a total ownership interest of 45.0%.

Types of Advisory Services

RMS provides timberland investment management services to institutional investors, primarily through pooled timberland funds for which RMS is the manager. RMS also serves a small number of institutional investors through direct accounts. RMS sources transactions, manages timberland assets, conducts timber and land sales, and performs client accounting and reporting – all on a vertically-integrated basis i.e. with in-house staff.

As of March 31, 2010 RMS manages approximately \$4 billion in timberland assets in three countries for about 48 investors.

Investment Management Agreement

An investment management agreement is executed between RMS and each fund or direct account investor. The agreement specifies investment management, property management and performance-based fees charged to the fund or client by RMS, and these may vary by fund or direct account investor. Other provisions such as investment term may vary by fund or direct account investor.

Fees and Compensation

Description

RMS bases its investment management and property management fees on a percentage of assets under management, and may also charge performance-based fees based on profits earned.

Fee Billing

Investment management fees are assessed quarterly in arrears, meaning after the three-month billing period has ended. Fees are usually deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Performance-Based Fees

Description

Performance-based fees are typically based on a percentage of profits earned, generally only after a minimum return has been achieved.

Types of Clients

Description

RMS generally provides timberland investment management services to pooled funds, for which it serves as manager and whose subscribers are pension funds, endowments, foundations, family offices and other institutional investors. RMS also serves a small number of institutional investors through direct accounts.

Methods of Analysis, Investment Strategy and Risk of Loss

Methods of Analysis

Prospective acquisitions are analyzed using proprietary financial and timber growth models, which blend estimated timber yields with forward financial assumptions on timber pricing, operating costs, etc. in order to estimate future cash flows and current value.

Investment Strategy

The primary elements of RMS's timberland investment strategy:

- Focus on investment-grade plantations.
- Achieve and leverage operating scale.
- Apply research and technology to maximize long-term return and minimize risk.
- Practice environmentally responsible forest management.

Target investment regions, which vary by fund or investor, include the U.S. South, Brazil, New Zealand, Australia and China.

Risk of Loss

Investors face the following timberland investment risks:

- **Production Risk:** Unforeseen timber volume and quality losses caused by natural events and by inaccuracies in timber volume and quality projections.
- **Market Risk:** Uncertainties in future prices for timber products.
- **Liquidity Risk:** Uncertainties associated with ready ability to sell timber and timberland according to a desired schedule.
- **Regulatory Risk:** Potential for country, state, and local governments to regulate timberland ownership, timber harvesting and other timberland management activities.

Comprehensive risk management and specific mitigation strategies are woven throughout RMS's investment and asset management processes, beginning when assets are evaluated for purchase and carrying through to asset liquidation.

Disciplinary Information

Legal and Disciplinary

RMS and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

Other Financial Industry Activities and Affiliations

Financial Industry Registrations

RMS is registered with the U.S. Securities and Exchange Commission as a Registered Investment Adviser under the U.S. Investment Advisers Act of 1940.

Affiliations

RMS has no business arrangements that are material to its investment management services with any related person who is an investment

company, other investment advisor, financial planning firm, banking or thrift institution, accounting firm, law firm, insurance company or agency, investment consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships or other investment products.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The employees of RMS have committed to a Code of Ethics that is available for review by clients and prospective clients upon request. The firm will provide a copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading

The Chief Compliance Officer of RMS is Lisa Cross. She reviews all investment advisor personnel securities transactions each quarter. In addition, the Chief Compliance Officer reviews the real estate transactions of all personnel. The personal trading reviews ensure that the personal trading of employees does not affect the markets, that no real estate purchases are in conflict with the investor interests and that clients of the firm receive preferential treatment.

Brokerage Practices

Affiliations and Recommendations

RMS does not have affiliations with any product sales firms, and does not make recommendations on custodians, trust companies or any other financial service provider.

Soft Dollars

RMS does not make or receive “soft dollar” payments to or from any other business or service provider.

Review of Accounts

Quarterly Reviews

Account reviews are performed quarterly by in-house property operations staff and portfolio managers, and more frequently if needed. Account reviewers include members of the RMS Investment Committee.

Review Triggers

Conditions that may trigger more than one review per quarter include changes in timber and land markets, proposed changes in operating budgets, and decisions related to cash management and distributions.

Regular Reports

Clients receive reports about their timber investments on at least a quarterly basis. These include quarterly financial statements, operating reports, and information about markets and other topics of interest to investors.

Client Referrals and Other Compensation

Incoming Referrals

RMS has been fortunate to receive client referrals over the years. Referrals generally have come from current clients, attorneys and investment consultants. The firm does not compensate referring parties for these referrals.

Referrals Out

RMS does not accept referral fees or any form of remuneration from other professionals when a prospect is referred to them.

Custody

Account Statements

All cash assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by RMS.

Financial Statements

Clients are provided with quarterly financial statements generated from our internal property management and accounting systems. Financial statements contain approximations of bank account balances as well as the value of timber and land holdings.

Investment Discretion

Discretionary Authority for Acquisition and Management

RMS accepts discretionary authority, as granted by certain investment management agreements, to acquire and manage timber, land and related

assets on behalf of funds and investors. For certain relationships RMS has the authority to determine, without obtaining specific investor consent, the timber, land and related assets to be bought or sold. For relationships in which discretionary authority has not been granted, RMS consults with the investor prior to certain transactions.

Voting Client Securities

Proxy Votes

Proxy voting is not relevant to timberland investment management services.

Financial Information

Financial Condition

RMS does not have any financial impairment that will preclude the firm from meeting contractual commitments to funds and investors.

A balance sheet is not required to be provided because RMS does not require prepayment of fees of more than \$600 per client, and six months or more in advance.

Business Continuity Plan

General

RMS has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

RMS' senior management team conducts an annual review of our business strategy and plans, typically as part of the annual independent valuation of RMS as a private firm (not to be confused with the annual appraisal of client timberland assets). This review provides an assessment of the competitive landscape that informs management of threats to the business as well as potential opportunities. The annual budgeting process is critical to our near-term planning in regards to revenues and expenses, capital investment, staffing levels, operating cash flows and equity distribution decisions. We maintain a strong balance sheet and have access to credit facilities if needed.

Planning ownership succession is another important element of our plans to perpetuate the company as a private, employee-owned enterprise. Broadly distributed ownership facilitates this effort, but we consciously plan the repurchase of employee-owner member interests based on projected owner retirements and promote ownership by key younger employees through company financing alternatives. Our member purchase agreement contains features that buffer the immediate cash demands of large repurchase events and we maintain sufficient financial capacity for company repurchases if

employee purchasing capacity is not adequate to repurchase available member interests.

RMS has successfully maintained its status as a private, employee-owned firm since 1950. We believe this is an exceptionally strong statement as to our durability as a manager.

Disasters

RMS offices consist of the corporate office in Birmingham, Alabama, 17 remote offices located throughout the southeast, 1 office located in Curitiba, Brazil, and 1 office located in Rotorua, New Zealand. The primary data center is located at the RMS corporate office, but an additional co-location is located in Homewood, Alabama at the Teklinks corporate office. Teklinks serves as our external I.T. contractor. The primary data center and the co-location are connected via a Metro E 20 kbps fiber connection in order to facilitate constant communication between the two sites. Additionally, Teklinks serves as the hub for RMS' wide area network ("WAN"), an AT&T MPLS Cloud. The remote offices connect to this WAN in order to access the application programs and data at the RMS corporate office as well as internet access.

The Disaster Recovery ("DR") plan includes possible resolutions to known disasters ranging from simple file recovery to a total building loss. For the majority of data, there are two Storage Area Networks ("SANs"), one in the RMS corporate office and one in the Teklinks co-location site. Data is replicated between the two SANs continuously to redundant hardware at the Teklinks co-location. Two point-to-point T1s are also installed between the RMS corporate office and the Teklinks co-locations for redundancy for Metro E fiber connection. The RMS disaster recovery plan contains additional details related to simple file restoration, virtual machine replication, tape backups, online backups and hardware redundancy.

RMS' corporate office in Birmingham has a dedicated Uninterruptable Power Supply ("UPS") that has the reserve capacity to run all the equipment in the system room for 70 minutes in case of a power outage. The Teklinks co-location facility has dual UPSs installed as well as dual electric generators to supply power the co-location facility indefinitely in case of a major power outage. Additionally, RMS has purchased an external diesel powered generator to provide continuous power to our floor of the building which provides power not only to the computer room, but also to the individual offices and workstations in case of a prolonged electrical outage.

RMS' Birmingham office has a commercial fire suppression system installed throughout the building. If a fire were to occur in the system room, the Teklinks co-location facility would become the primary site.

Information Security

Information Security

RMS maintains an information security program to reduce the risk that your personal and confidential information may be breached.

Privacy Notice

RMS is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us. RMS maintains physical, electronic and procedural safeguards that comply with federal standards to store and secure information from unauthorized access, alteration and destruction. Our control policies, for example, authorize access to customer information only by individuals who need access to do their work.

RMS collects information from its investors which is received on applications and information on transactions.

A copy of the RMS Privacy Policy Notice is available to investors at any time.